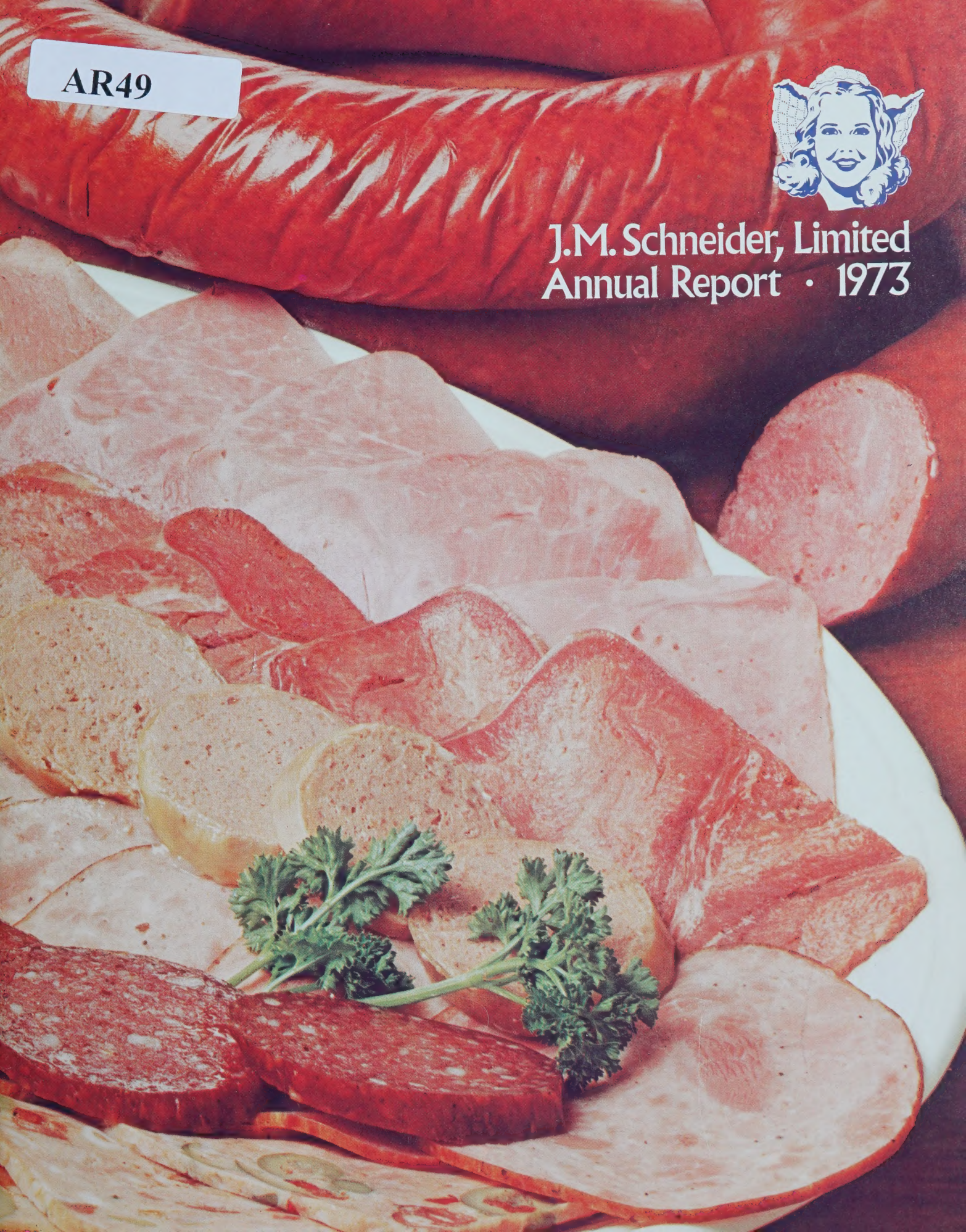


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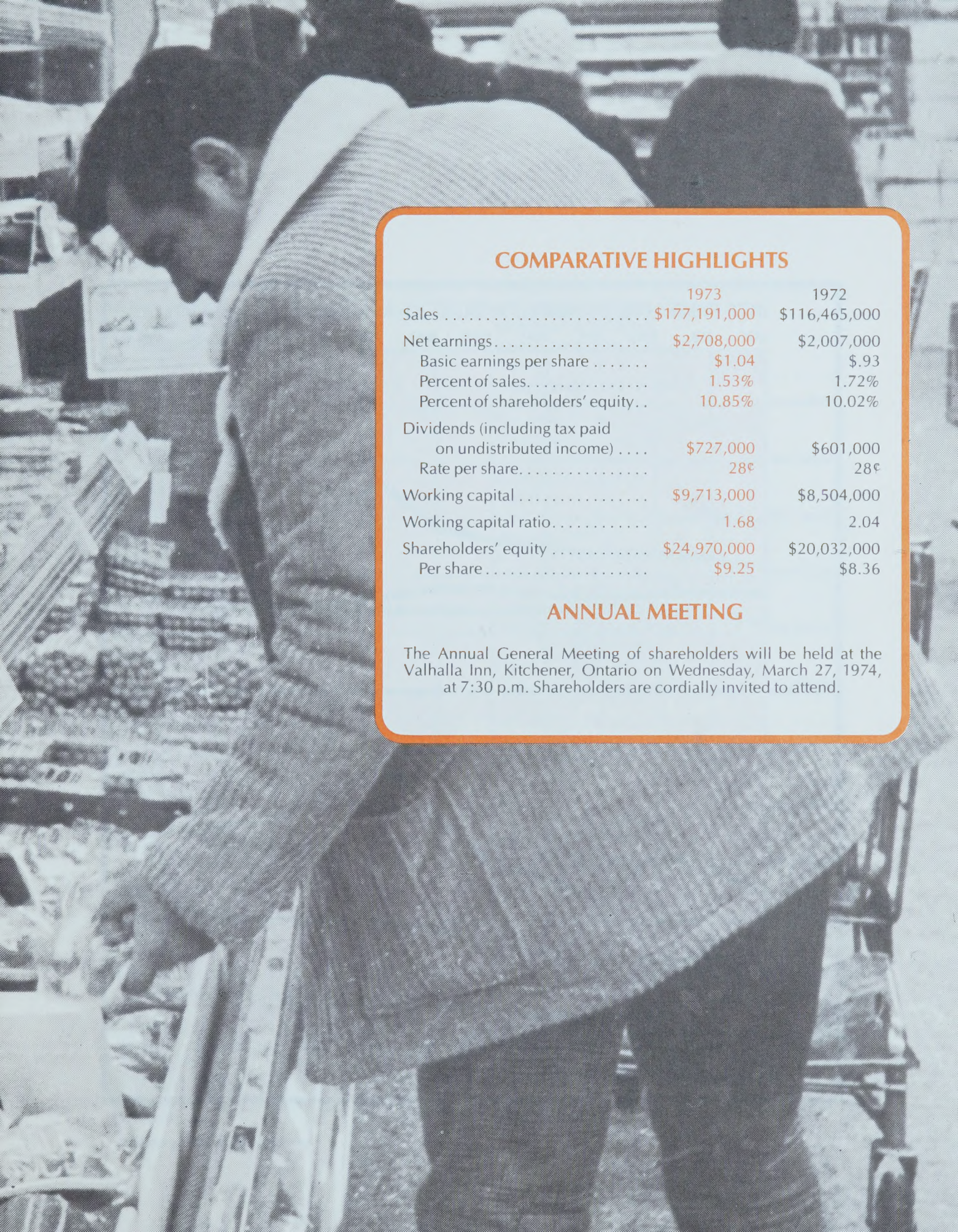
J.M. Schneider, Limited
Annual Report • 1973











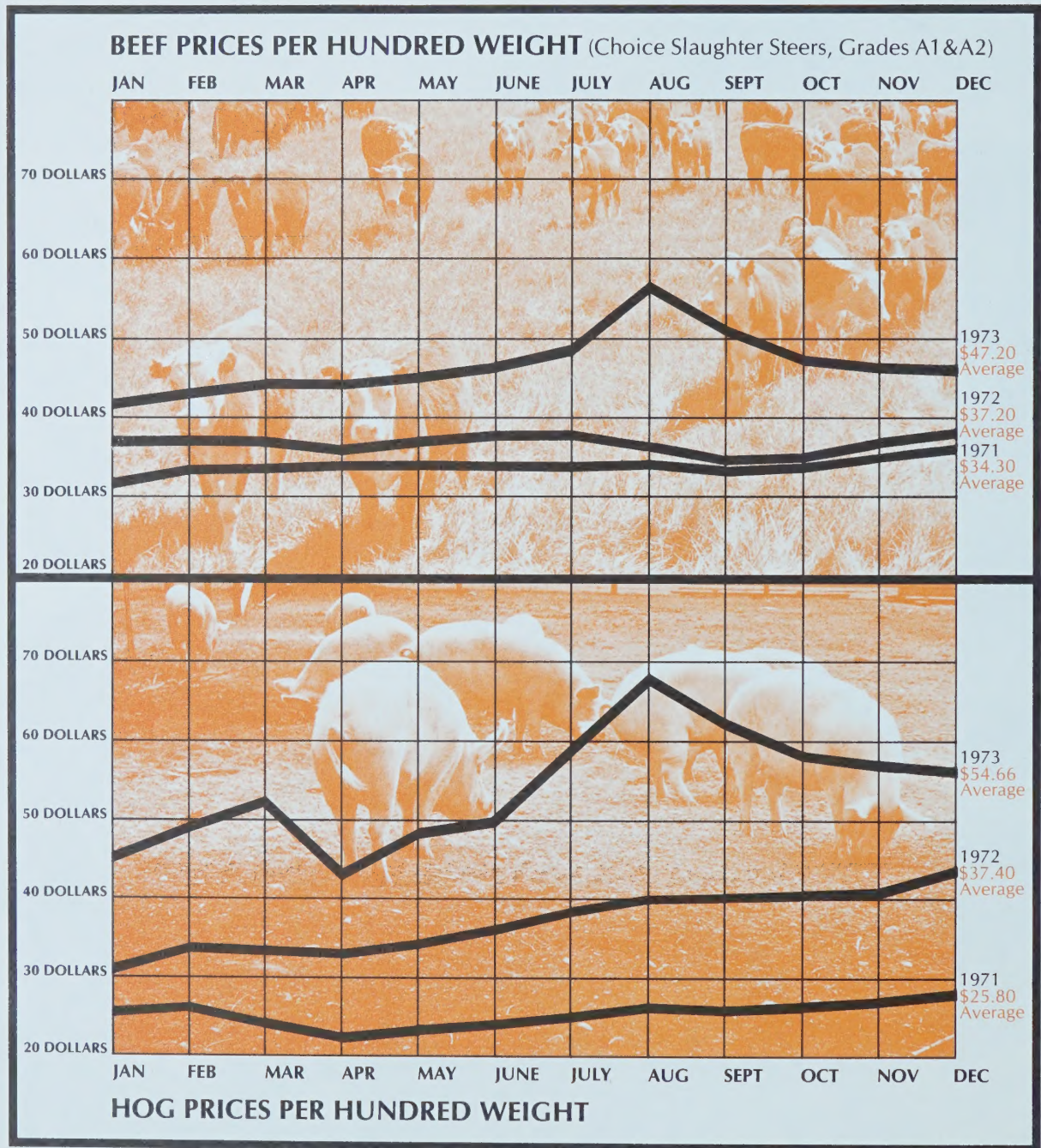
COMPARATIVE HIGHLIGHTS

	1973	1972
Sales	\$177,191,000	\$116,465,000
Net earnings	\$2,708,000	\$2,007,000
Basic earnings per share	\$1.04	\$.93
Percent of sales	1.53%	1.72%
Percent of shareholders' equity ..	10.85%	10.02%
Dividends (including tax paid on undistributed income)	\$727,000	\$601,000
Rate per share	28¢	28¢
Working capital	\$9,713,000	\$8,504,000
Working capital ratio	1.68	2.04
Shareholders' equity	\$24,970,000	\$20,032,000
Per share	\$9.25	\$8.36

ANNUAL MEETING

The Annual General Meeting of shareholders will be held at the Valhalla Inn, Kitchener, Ontario on Wednesday, March 27, 1974, at 7:30 p.m. Shareholders are cordially invited to attend.

BEEF AND HOG PRICES/1971-1973



J. M. SCHNEIDER, LIMITED

DIRECTORS

F. P. SCHNEIDER
Kitchener, Ontario
Chairman of the Board

K. G. MURRAY
Bright, Ontario
President

*D. C. JAMIESON
Waterloo, Ontario
Vice-President Finance
& Administration

J. B. BANKS
Waterloo, Ontario
Vice-President Operations

H. G. BEBEN
Waterloo, Ontario
Vice-President Sales
& Marketing

H. J. SCHNEIDER
Kitchener, Ontario
Vice-President Personnel &
Public Relations

H. G. SCHNEIDER
Kitchener, Ontario
Vice-President & Director of
Research & Development

R. W. STEINBERG
Kitchener, Ontario
Plant Manager

*M. R. GOOD
Breslau, Ontario
President & General Manager
H. Boehmer & Co. Limited

G. A. MACKAY, Q.C.
Kitchener, Ontario
Partner-Bray, Schofield, Mackay,
Kirvan & Guy

*H. W. MAIN
Kitchener, Ontario
Executive Vice-President Marketing
Electrohome Limited

*J. D. SMALL
Kitchener, Ontario
Past President

R. C. SCHEIFLEY
Kitchener, Ontario
Secretary

**Members of the Audit Committee*

OFFICERS

FREDERICK PAUL SCHNEIDER
Chairman of the Board

KENNETH GEORGE MURRAY
President

JAMES BLANDING BANKS
Vice-President Operations

DAWSON CHARLES JAMIESON
Vice-President Finance
& Administration

ROY CARL SCHEIFLEY
Secretary

GORDON ALEXANDER MACKAY
Assistant Secretary

HOWARD GEORGE SCHNEIDER
Vice-President & Director
of Research & Development

HERBERT JOHN SCHNEIDER
Vice-President Personnel
& Public Relations

HENRY GEORGE BEBEN
Vice-President Sales & Marketing

HONORARY DIRECTOR

N. C. SCHNEIDER
Past Chairman

HEAD OFFICE

J. M. Schneider, Limited
321 Courtland Avenue E.
P.O. Box 130
Kitchener, Ontario
N2G 3X8

REGISTRAR and TRANSFER AGENT

The Canada Trust Company
Toronto, Montreal, Winnipeg

AUDITORS

Thorne Gunn & Co.

SHARES LISTED

Toronto Stock Exchange
Montreal Stock Exchange

TO THE SHAREHOLDERS OF J. M. SCHNEIDER, LIMITED

We can again report that sales and profits for the fiscal year ended October 27, 1973 are records for your company.

The consolidated sales at \$177,191,000 are up 52% compared to 1972 and net earnings at \$2,708,000 represent a 35% increase. The sales increase was due in part to higher selling prices for finished products and acquisitions, the timing of which served to increase sales for fiscal '73.

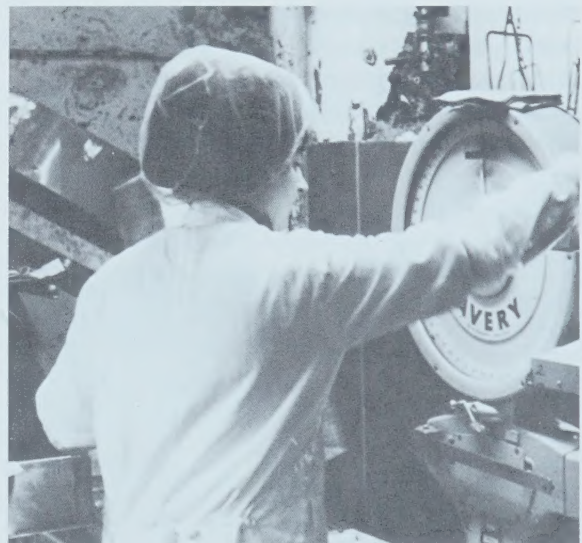
Earnings per share were up by 12% to \$1.04 compared to 93¢ for 1972 when fewer shares were outstanding.

A difficult fourth quarter was caused by a sharp drop in pork prices from extreme highs registered in mid-August, resulting in inventory losses. In addition, production problems in the cheese and processed pork divisions of the company seriously affected production costs. These problems have now been corrected.





Also during 1973 Schneiders completed the acquisition of a cheese plant at St. Isidore, Ontario. This was made necessary by increased cheese sales and these operations were moved during the year to St. Isidore from our Apple Hill cheese plant.



Corporate Expansion

During fiscal 1973 we completed the purchase of the Chicago Kosher group of companies located in Winnipeg. This is a production unit for our system of national distribution and we have since moved these Blue Label kosher-style meat products into Eastern Canada to supplement their western markets. More of the capacity of this plant will be utilized to generate its full profit potential.

The purchase of O.K. Packers in Winnipeg was finalized early in fiscal 1973. It continues its successful role as a source of fresh pork and beef for not only its local market but for our processing operations in Ontario.

Operations

Operations continue to expand nationally. The J. M. Schneider (B.C.) Ltd. plant in Vancouver is operating very satisfactorily, both as a production unit for the B.C. market and as a distribution centre for our products originating in Manitoba or Ontario. A similar function is performed by the production and distribution unit in Winnipeg for the Prairie provinces. Sales in these western markets have shown a gratifying increase.

During 1973 we established a firmer base of operations in the Maritimes, using a combination of our own staff and distributors.

In 1973 all canning operations were discontinued, including pet food and hams and picnics. Only

items like stew and chili are still sold but are now made for us by an outside custom canner under the Schneider formulae and label. To continue canning operations would have required capital expenditures which could not be justified on the basis of a satisfactory return on investment.

We continue to stress sales to the food service market, which is growing at a faster overall rate than any other segment of the food business. Growth in this area has been higher than our average growth in sales, as emphasis is placed on the use of specialist salesmen and tailored products to service this market. The Weidman grocery and frozen food operation in Winnipeg is adjusting to its role as our supplier to the food service market in Manitoba.

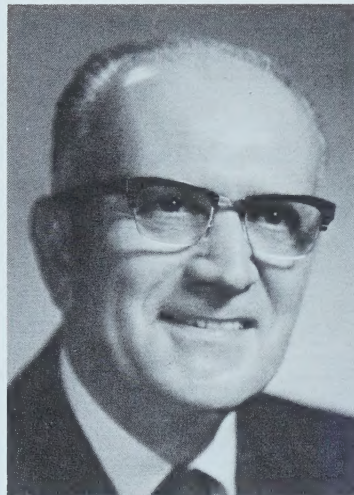
Capital expenditures for 1973 amounted to \$3,700,000. Most of this was devoted to a



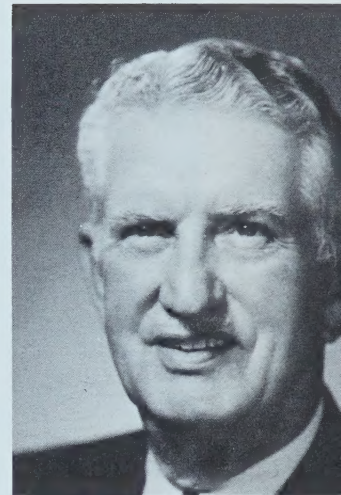
building addition to the Kitchener plant, to enlarge capacity and improve efficiency in the manufacture of sausage and other processed meat products. Some benefit has already been derived from this, but we project that the major benefits to the company will begin in 1974. Capital expenditures in 1974 are scheduled at \$3,300,000 with more than half of this attributable to completing the expansion at Kitchener.

Board of Directors

There are two changes in the membership of the Board of Directors. Roy C. Scheifley, who has been an employee of the company for 39 years and a director for 17 years, is retiring from the



ROY C. SCHEIFLEY



J. DOUGLAS SMALL

company and from board membership. J. Douglas Small, who was president prior to his retirement from active employment some five years ago, is retiring from the board. Sincere appreciation is expressed to both these gentlemen for their long periods of service, both as employees and as board members.

Subsequent to year-end, our vice-president of marketing, Henry G. Beben, became a member of the board. We now have on the board the vice-president in charge of each of the major areas of the company — marketing, finance, personnel, product development and production. This brings a balanced approach to meetings which is proving desirable.



General Outlook

Meat supplies are adequate for our needs and this would seem to be the situation for the foreseeable future. Strong off-shore demand for feed materials may mean some reduction in hog numbers for the coming year. Beef could be tight for the short term with prospects for a slightly larger North American supply for all of 1974 than last year. North America continues to import large quantities of meat, particularly boneless beef for manufacturing. The present world situation makes this an extremely difficult supply to forecast as to price or quantity. A worldwide economic slowdown would undoubtedly reduce the demand, but transportation problems occasioned by the energy crisis could result in serious dislocations as to the equating of meat supplies to their normal markets.



We are in a period of rapidly changing economic environment. The energy crisis can only vary as to its degree. People must eat, but the food processor who will succeed is the one who can

give the consumer what he wants at the price he is willing to pay. Product development and innovation are more important than ever. The future of this company depends on our providing a service and product for which we can receive the cost as well as a margin of profit. This requires a high degree of control, good stewardship of resources and a management which is responsive to the needs of the consumer.



Your directors believe that 1974 will be another year of growth. We will be making more effective use of the resources at our disposal. Proper budgetary control of every aspect of company operations becomes more and more significant. The Board of Directors sincerely thanks all employees for the contributions they have made to our success in 1973. We know we can continue to count on their support.

A handwritten signature in cursive script, reading "Kenneth J. Manning".

President

A handwritten signature in cursive script, reading "J. P. Schneider".

Chairman

AUDITORS' REPORT

To the Shareholders of J. M. Schneider, Limited

We have examined the consolidated balance sheet of J. M. Schneider, Limited as at October 27, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 27, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Kitchener, Ontario,
December 14, 1973.

Thorne Gunn & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF EARNINGS

YEAR ENDED OCTOBER 27, 1973
(with comparative figures for 1972)

	1973	1972
	(in thousands)	
Sales	\$177,191	\$116,465
Expenses		
Raw materials	128,495	76,710
Packaging materials	5,188	4,445
Manufacturing	21,769	18,523
Marketing and distribution	11,140	8,520
Administrative and general	4,180	2,979
Interest on long term debt	188	191
Depreciation and amortization (notes 1 and 4)	1,602	1,382
	172,562	112,750
Earnings before income taxes	4,629	3,715
Income taxes	1,921	1,708
NET EARNINGS FOR THE YEAR	\$ 2,708	\$ 2,007
EARNINGS PER SHARE (note 8)		
Basic earnings per share	\$1.04	\$.93
Fully diluted earnings per share	\$1.04	\$.91

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED OCTOBER 27, 1973
(with comparative figures for 1972)

	1973	1972
	(in thousands)	
Balance at beginning of year	\$14,200	\$12,794
Net earnings for the year	2,708	2,007
	16,908	14,801
Dividends on		
Class B preference shares, in cash	410	290
Class C preference shares		
Cash	179	130
Class A preference shares		44
Tax paid on undistributed income	32	31
Common shares, in cash	106	106
	727	601
BALANCE AT END OF YEAR	\$16,181	\$14,200

CONSOLIDATED BALANCE SHEET

YEAR ENDED OCTOBER 27, 1973

(with comparative figures at October 28, 1972)

ASSETS

	<u>1973</u>	<u>1972</u>
	(in thousands)	
CURRENT ASSETS		
Accounts receivable	\$ 8,966	\$ 5,652
Inventories (note 2)	14,170	10,314
Other	827	688
TOTAL CURRENT ASSETS	<u>23,963</u>	<u>16,654</u>
INVESTMENTS, at cost	<u>74</u>	<u>56</u>
FIXED ASSETS (note 3)		
Land and improved areas, buildings, machinery and equipment, at cost	27,911	24,300
Less accumulated depreciation	<u>12,251</u>	<u>10,763</u>
TOTAL FIXED ASSETS	<u>15,660</u>	<u>13,537</u>
INTANGIBLES		
Excess of cost over book value at dates of acquiring shares of subsidiaries, less amortization (note 1)	1,971	1,534
Goodwill, at cost less amortization (notes 4 and 9)	<u>1,544</u>	
TOTAL INTANGIBLES	<u>3,515</u>	<u>1,534</u>
TOTAL ASSETS	<u>\$43,212</u>	<u>\$31,781</u>

Approved by the Board

F. P. SCHNEIDER, Director

D. C. JAMIESON, Director

LIABILITIES

	<u>1973</u>	<u>1972</u>
	(in thousands)	
CURRENT LIABILITIES		
Bank advances	\$ 7,010	\$ 2,602
Accounts payable and accrued liabilities	7,060	5,244
Income taxes payable	145	241
6% Debenture due December 31, 1972.		37
Principal due within one year on long term debt	35	26
TOTAL CURRENT LIABILITIES	<u>14,250</u>	<u>8,150</u>
LONG TERM DEBT (note 5).	<u>2,163</u>	<u>2,239</u>
DEFERRED INCOME TAXES	<u>1,829</u>	<u>1,360</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 6)	8,321	5,364
CONTRIBUTED SURPLUS (note 7 (a))	468	468
RETAINED EARNINGS	<u>16,181</u>	<u>14,200</u>
TOTAL SHAREHOLDERS' EQUITY.	<u>24,970</u>	<u>20,032</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$43,212</u>	<u>\$31,781</u>

CONTINGENT LIABILITIES AND COMMITMENTS (notes 3 and 7)

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED OCTOBER 27, 1973
(with comparative figures for 1972)

SOURCE OF FUNDS

	1973	1972
	(in thousands)	
Operations		
Net earnings for the year	\$2,708	\$2,007
Items not involving current funds		
Depreciation and amortization	1,602	1,382
Deferred income taxes	469	150
	4,779	3,539
Issue of Class B preference shares		
For cash	617	3,807
For acquisition of subsidiary companies and other businesses	2,340	367
Sales of fixed assets	92	103
Increase in long term debt		48
Consolidation of investment in J. M. Schneider Foods Limited		38
	7,828	7,902

APPLICATION OF FUNDS

Additions to fixed assets		
On acquisition of subsidiary companies and other businesses	857	271
Other	2,876	2,679
Excess of cost over book values at dates of acquiring shares of subsidiary companies	488	1,402
Acquisition of goodwill	1,577	
Dividends, including tax paid on undistributed income	727	601
Increase in investments	18	36
Decrease in non-current portion of long term debt	76	27
	6,619	5,016
INCREASE IN WORKING CAPITAL	1,209	2,886
WORKING CAPITAL AT BEGINNING OF YEAR	8,504	5,618
WORKING CAPITAL AT END OF YEAR	\$9,713	\$8,504

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 27, 1973

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the wholly owned subsidiary companies as follows:

J. M. Schneider Western Ltd. (a company resulting from the amalgamation of the wholly owned subsidiary companies, J. M. Schneider (Manitoba) Limited, Weidman Bros. Limited, A. & A. Frozen Foods Ltd., Kosher Meat Canning Company Limited, and Chicago Kosher Sausage Mfg. Co. Ltd.)
Kosher Meat Canning Company Limited and Chicago Kosher Sausage Mfg. Co. Ltd., from August 31, 1972, the date of acquisition, to October 27, 1973 (note 9).
In 1973 for all other operations of this company, the fifty-two weeks ended October 27, 1973.
In 1972, J. M. Schneider (Manitoba) Limited, thirteen months ended October 28, 1972: Weidman Bros. Limited, from November 20, 1971 the effective date of acquisition, to October 28, 1972, and A. & A. Frozen Foods Ltd., from June 10, 1972, the date of acquisition, to October 28, 1972.

Apple Hill Cheese Limited

In 1973, fifty-two weeks ended October 27, 1973.

In 1972, fourteen months ended October 28, 1972.

J. M. Schneider Foods Limited

In 1973, fifty-two weeks ended October 27, 1973.

In 1972, from August 29, 1971 to October 28, 1972.

J. M. Schneider (B.C.) Limited (formerly Economy Sausage Company Ltd.)

In 1973, fifty-two weeks ended October 27, 1973.

In 1972, from September 1, 1972, the effective date of acquisition, to October 28, 1972.

The excess of cost over book value at date of acquiring shares of the subsidiaries is being amortized on a straight line basis over forty years with \$51,000 (\$25,000 in 1972) deducted in computing earnings for the year.

2. INVENTORIES

	1973	1972
Products	\$13,483,000	\$ 9,795,000
Supplies	687,000	519,000
	<u>\$14,170,000</u>	<u>\$10,314,000</u>

Products are valued at lower of cost and net realizable value.

Supplies are valued at lower of cost and replacement cost.

3. FIXED ASSETS

		1973		1972
	Cost	Accumulated Depreciation	Net	Net
Land and improved areas	\$ 809,000	\$ 57,000	\$ 752,000	\$ 611,000
Buildings	11,589,000	3,728,000	7,861,000	6,913,000
Machinery and equipment	15,513,000	8,466,000	7,047,000	6,013,000
	<u>\$27,911,000</u>	<u>\$12,251,000</u>	<u>\$15,660,000</u>	<u>\$13,537,000</u>

Depreciation is provided on a straight line basis to amortize the cost of the assets over their estimated useful life.

Additional outlays of approximately \$1,800,000 are required for the completion of capital projects under construction. The Board of Directors has approved a 1974 capital expenditure program of \$3,300,000.

4. GOODWILL

Goodwill is being amortized on a straight line basis over forty years with \$33,000 deducted in computing earnings for the year.

5. LONG TERM DEBT

	1973	1972
7% Debenture, payable \$2,500 monthly including principal and interest and maturing January 1, 1974.	\$ 7,000	
7% First mortgage serial bonds with interest payable semi-annually, principal payable \$13,000 in 1974 and maturing January 2, 1975.	50,000	\$ 62,000
SUB TOTAL	<u>\$ 57,000</u>	<u>\$ 62,000</u>

SUB TOTAL	\$ 57,000	\$ 62,000
9½% Debenture, payable \$2,000 monthly including principal and interest and maturing September 1, 1980.....	141,000	155,000
8½% Debenture, with interest payable semi-annually, principal payable \$100,000 annually commencing June 1, 1977 and maturing June 1, 1991	2,000,000	2,000,000
Purchase payment due July 14, 1974		48,000
	<u>2,198,000</u>	<u>2,265,000</u>
Less principal included in current liabilities	35,000	26,000
	<u>\$2,163,000</u>	<u>\$2,239,000</u>

The purchase payment due July 14, 1974 and the related contingencies were retired for a cash consideration of \$50,000.

A first mortgage on land and buildings of Apple Hill Cheese Limited, a fixed and specific charge on land, building, fixtures and equipment of J. M. Schneider Western Ltd. and a floating charge on all assets of J. M. Schneider, Limited and J. M. Schneider Western Ltd. have been given as security for long term debt.

6. CAPITAL STOCK

The Authorized and issued capital stock as at October 27, 1973 is as follows:

Authorized

4,754,453	24¢ Cumulative participating Class B preference shares without par value (1972, 1,758,064 shares)
746,547	24¢ Cumulative participating Class C preference shares without par value (1972, 742,936 shares)
379,799	Common shares (1972, 580,825 shares)

Issued

	1973	1972
1,575,281 Class B preference shares (1972, 1,273,173 shares)	\$7,606,000	\$4,662,000
745,547 Class C preference shares (1972, 741,936 shares)	477,000	464,000
379,799 Common shares (1973 and 1972)	238,000	238,000
	<u>\$8,321,000</u>	<u>\$5,364,000</u>

In 1973, the authorized capital stock was changed by amending articles of incorporation as follows:

- reclassifying the 201,026 unissued common shares without par value into 201,026 cumulative participating Class B preference shares without par value ranking on a parity with the existing cumulative participating Class B preference shares without par value;
- reclassifying and changing the 2,733,086 unissued Class A non-voting non-cumulative preference shares with a par value of 20¢ each into 2,733,086 cumulative participating Class B preference shares without par value ranking on a parity with the existing authorized cumulative participating Class B preference shares;
- increasing the authorized capital by creating an additional 65,888 cumulative participating Class B preference shares without par value to rank on a parity with the existing cumulative participating Class B preference shares without par value provided that the aggregate consideration for the issue of the total 5,500,000 cumulative participating Class B preference shares shall not exceed in amount or value the sum of \$36,000,000 or such greater amount as the Board of Directors by resolution determines provided that such resolution shall not be effective until a certified copy thereof has been filed with the Minister, all prescribed fees have been paid and the Minister has so certified;
- varying certain conditions and preferences attaching to the Class B and Class C preference shares.

The cumulative participating Class B preference and the cumulative participating Class C preference shares are convertible one into the other at any time at the option of the holder. By virtue of The Business Corporations Act, upon any such conversion, the number of authorized and outstanding shares of each class affected by such conversion is changed accordingly.

During the year shares were issued as follows:

- 166,666 Class B preference shares at \$9.00 per share as part of the consideration for the acquisition of the businesses, assets and goodwill of O. K. Packers, O. K. Hides Ltd. and Twin City Packers (1969) Ltd.;
- 70,000 Class B preference shares at \$12.00 per share to purchase all of the outstanding shares of Kosher Meat Canning Company Limited and Chicago Kosher Sausage Mfg. Co. Ltd.;
- 61,803 Class B preference shares at \$9.00 per share for employee options under the J. M. Schneider, Limited Employees Payroll Capital Purchase Plan;
- 3,250 Class B preference shares at \$7.50 per share and 4,000 Class B preference shares at \$9.00 per share for options to executives and key employees under the Stock Option Plan.

The company reserved under its Stock Option Plan 25,000 Class B shares for issuance upon the exercise of options which may be granted at the discretion of the Board of Directors to executives and key employees of the company. Such shares are to be issued at a price not less than the greater of (a) the average of the high and low sale price for

such shares as reported by The Toronto Stock Exchange for the week previous to the time of the granting of the option or (b) 90% of the market price (as defined) of such shares at the time of granting the option. The option period may extend up to five years from date of grant and such option may be exercised in full at any time during such period. Under this plan the company has granted options and issued shares as follows:

Year	Number of shares		Price per share	Date of Expiry
	Granted	Issued		
1969	3,358	3,250	\$7.50	July 23, 1974
1972	17,000	4,000	\$9.00	August 31, 1977

7. CONTINGENT LIABILITIES AND COMMITMENTS

- (a) An interest free loan of \$250,000 received from the Ontario Development Corporation in 1970 and included in contributed surplus will be forgiven over a period of six years from the date of receipt provided the company continues to operate its meat processing plant at Ayr, Ontario. An amount of \$25,000 was forgiven in each of the years commencing with 1971.
- (b) It is estimated that the unfunded past service obligation under pension plans amounts to \$744,000. The annual payment required to liquidate this obligation within eighteen years is \$69,000. The company intends to pay this amount within the time permitted or earlier as the cash position of the company permits. The related costs will be charged against income in the year of payment.
- (c) The company or its subsidiaries are obligated under lease agreements to pay annual rentals of:
- \$419,000 in 1974
 - \$118,000 in 1975
 - \$ 69,000 in 1976
 - \$ 65,000 in 1977
 - \$ 61,000 in 1978
 - \$ 56,000 in 1979 and thereafter until 1986

8. EARNINGS PER SHARE

Basic earnings per share have been calculated using the weighted average number of shares outstanding in the year. Fully diluted earnings per share have been calculated assuming full exercise of the options and the adjustments to income required by this assumption.

9. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined by The Business Corporations Act) for the year amounted to \$410,000 (\$338,000 in 1972).

The acquisition equation and other information related thereto as required by The Business Corporations Act is presented herein and in notes 1, 4 and 6. All acquisitions were by agreement and the purchase accounting method was used in all cases.

	Assets of O. K. Packers, O. K. Hides Ltd. and Twin City Packers (1969) Ltd.	Shares of Kosher Meat Canning Company Limited and Chicago Kosher Sausage Mfg. Co. Ltd.	Assets of La Fabrique Laitiere De St. Isidore Limited
Percentage of outstanding equity shares acquired . . .	Not applicable	100%	Not applicable
Effective date of acquisition	December 30, 1972	August 31, 1972	May 1, 1973
Net assets acquired			
Net assets other than goodwill, at the book value of the seller		\$340,000	
Net assets at purchase price	\$1,366,000		\$133,000
Goodwill on the books of the seller		25,000	
Premium ascribed to goodwill	1,520,000	491,000	32,000
	<u>\$2,886,000</u>	<u>\$856,000</u>	<u>\$165,000</u>
Consideration given, at fair value, for net assets acquired			
Cash	\$1,386,000	\$ 16,000	\$165,000
236,666 Class B preference shares (note 6).	1,500,000	840,000	
	<u>\$2,886,000</u>	<u>\$856,000</u>	<u>\$165,000</u>
Percentage of Class B preference shares issued.	5.21%	11.03%	
Business activity	Meat products	Meat products	Cheese products

TEN YEAR STATISTICAL REVIEW

(thousands of dollars)

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Sales.....	\$177,191	\$116,465	\$84,163	\$79,289	\$70,181	\$61,067	\$57,902	\$58,898	\$48,127	\$42,526
Earnings										
Earnings before income taxes.....	\$ 4,629	\$ 3,715	\$ 3,185	\$ 2,878	\$ 2,693	\$ 2,264	\$ 2,140	\$ 2,745	\$ 1,808	\$ 1,968
Income taxes.....	\$ 1,921	\$ 1,708	\$ 1,599	\$ 1,531	\$ 1,444	\$ 1,195	\$ 1,109	\$ 1,399	\$ 956	\$ 1,003
Net earnings.....	\$ 2,708	\$ 2,007	\$ 1,586	\$ 1,347	\$ 1,249	\$ 1,069	\$ 1,031	\$ 1,346	\$ 852	\$ 965
Basic earnings per share.....	\$ 1.04	\$.93	\$.84	\$.71	\$.66	\$.56	\$.54	\$.73	\$.46	\$.53
Percent of sales.....	1.53%	1.72%	1.88%	1.70%	1.77%	1.75%	1.78%	2.29%	1.77%	2.27%
Dividends (including tax paid on undistributed income).....	\$ 727	\$ 601	\$ 494	\$ 456	\$ 299	\$ 244	\$ 688	\$ 166	\$ 155	\$ 146
Rate per share.....	28¢	28¢	26¢	24¢	16¢	13¢	36¢	9¢	9¢	8¢
Capital expenditures	\$ 3,733	\$ 2,950	\$ 3,509	\$ 1,944	\$ 2,413	\$ 1,355	\$ 1,398	\$ 1,477	\$ 829	\$ 1,399
Depreciation and amortization.....	\$ 1,602	\$ 1,382	\$ 1,175	\$ 998	\$ 888	\$ 859	\$ 776	\$ 626	\$ 571	\$ 525
Salaries, wages and employee benefits	\$ 24,718	\$ 21,537	\$18,767	\$15,701	\$13,953	\$12,270	\$11,466	\$ 9,978	\$ 8,840	\$ 8,031
Average number of employees.....	2,392	2,244	1,985	1,880	1,731	1,733	1,688	1,551	1,438	1,356
Working capital	\$ 9,713	\$ 8,504	\$ 5,618	\$ 4,832	\$ 4,348	\$ 4,800	\$ 4,283	\$ 4,391	\$ 3,962	\$ 3,235
Working capital ratio	1.68	2.04	2.31	2.43	2.23	2.73	3.09	3.29	4.82	3.82
Total assets.....	\$ 43,212	\$ 31,781	\$22,175	\$18,012	\$16,730	\$14,907	\$13,381	\$12,734	\$10,795	\$10,094
Shareholders' equity.....	\$ 24,970	\$ 20,032	\$14,452	\$13,360	\$12,219	\$11,269	\$10,428	\$ 9,739	\$ 8,523	\$ 7,773
Percent return on equity ..	10.85%	10.02%	10.97%	10.08%	10.22%	9.49%	9.89%	13.82%	9.99%	12.41%
Equity per share, in dollars	\$ 9.25	\$ 8.36	\$ 7.61	\$ 7.04	\$ 6.43	\$ 5.93	\$ 5.50	\$ 5.28	\$ 4.64	\$ 4.27
Number of shares out- standing (thousands) . .	2,701	2,395	1,899	1,899	1,899	1,899	1,897	1,843	1,836	1,821
Number of shareholders . .	2,560	2,217	1,955	2,002	1,995	506	455	422	322	272

NOTES

1. The number of shares outstanding and per share earnings and dividends have been recalculated to give effect to the stock split in 1969.
2. Basic earnings per share have been calculated using the weighted average number of shares outstanding.



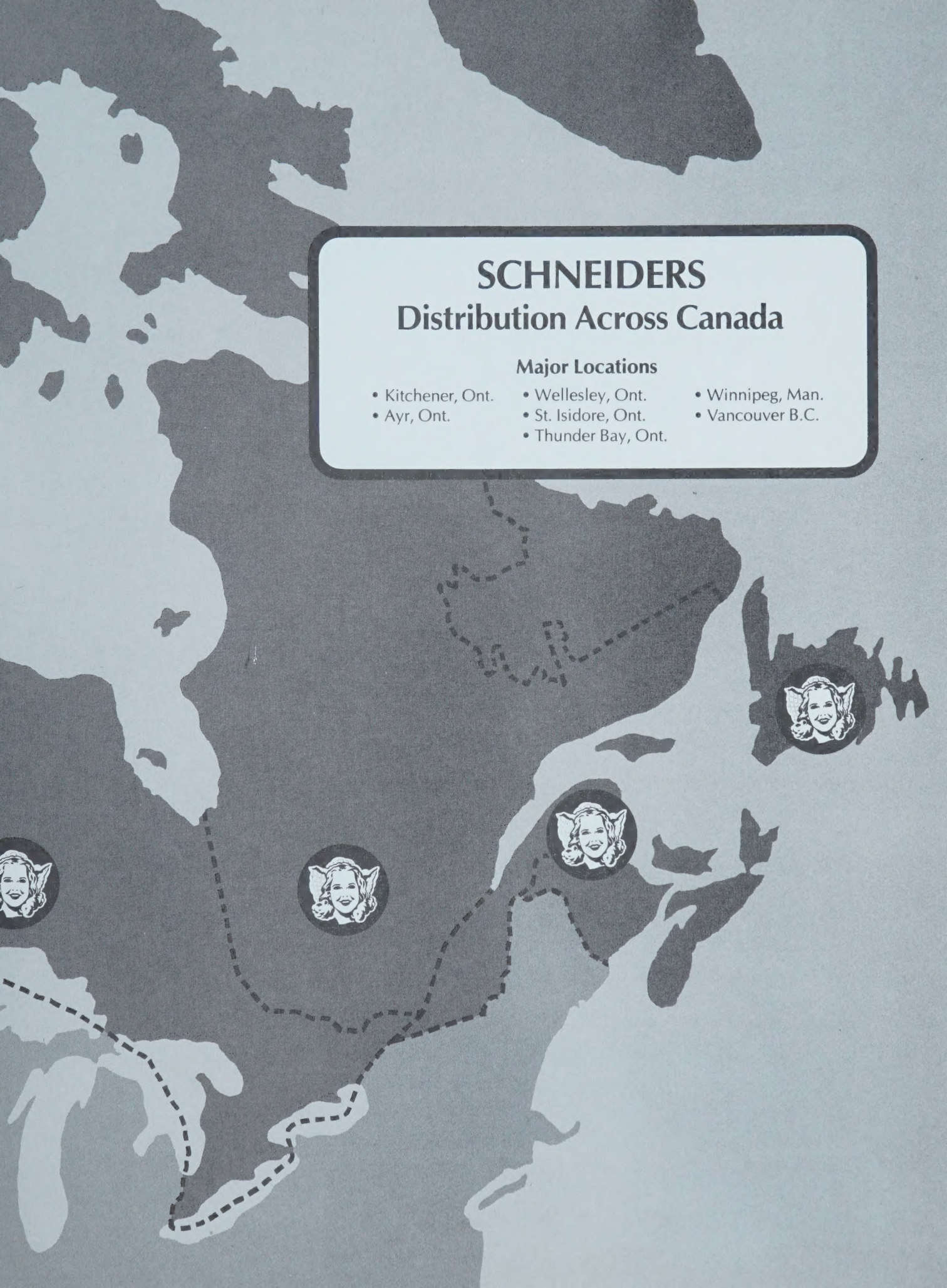


SCHNEIDERS

Distribution Across Canada

Major Locations

- Kitchener, Ont.
- Ayr, Ont.
- Wellesley, Ont.
- St. Isidore, Ont.
- Thunder Bay, Ont.
- Winnipeg, Man.
- Vancouver B.C.





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INTERIM REPORT

FOR THE TWENTY-EIGHT
WEEKS ENDED MAY 12

1973



J. M. SCHNEIDER, LIMITED

file
J. M. SCHNEIDER, LIMITED
(and subsidiary companies)
CONSOLIDATED STATEMENT OF EARNINGS
(Unaudited)

Twenty-eight Weeks Ended

May 12 May 13
1973 1972
(in thousands)

Sales	\$ 82,973	\$ 55,079
Earnings before income taxes	2,572	1,548
Income taxes	1,209	754
Net earnings	✓ 1,363	✓ 794
Earnings per share	✓ 52¢	✓ 40¢

Twelve Weeks Ended

May 12 May 13
1973 1972
(in thousands)

\$ 38,305	\$ 24,221
1,071	701
503	341
568	360
21¢	18¢

NOTES:

- The statement of earnings for the twenty-eight weeks ended May 12, 1973, includes earnings from the following acquisitions which are not included in the comparable period for 1972 because acquisition took place after May 13, 1972: A. & A. Frozen Foods Ltd., Economy Sausage Company Ltd., Kosher Meat Canning Company Limited, Chicago Kosher Sausage Mfg. Co. Ltd., and the business and assets of the O.K. Packers group.
- The 1973 earnings per share have been calculated on a basis which takes into account the issuance of 243,916 Class B preference shares during the period.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Unaudited)

Twenty-eight Weeks Ended

May 12 May 13
1973 1972
(in thousands)

Source of Funds

Operations

Net earnings for the period	\$ 1,363	\$ 794
Depreciation and amortization	845	703
Deferred income taxes		21

\$ 2,208 \$ 1,518

Issue of Class B preference shares for cash 60 3,807

Issue of Class B preference shares as part of
purchase price of shares of wholly-owned subsidiary 2,341 367

Proceeds of long term debt 13

Sale of fixed assets 8 40

Decrease in other assets 7

\$ 4,624 \$ 5,745

Application of Funds

Additions to fixed assets \$ 2,123 \$ 1,587

Dividends, including tax paid on undistributed income 357 266

Excess of cost over book value at dates of
acquiring shares of subsidiary companies 2,030 509

Decrease in non-current portion of long term debt 28 32

Increase in other assets 48

\$ 4,538 \$ 2,442

Increase in Working Capital \$ 86 3,303

Working Capital at Beginning of Period 8,504 5,618

Working Capital at End of Period \$ 8,590 \$ 8,921

TO OUR SHAREHOLDERS:

Net profit per dollar of sales was 1.64¢ for the first 28 weeks of 1973. This compares to the average annual net profit of 1.88¢ per dollar of sales in the nine-year period 1964-1972.

Sales for the 28-week period, October 29, 1972, to May 12, 1973, at \$82,973,000 compares to \$55,079,000 a year ago. Profit after tax was \$1,363,000 - up from \$794,000 in the year earlier period.

The per share earning of 52¢ compares to 40¢ for the 28-week period ended May 13, 1972 - a period when fewer shares were outstanding.

We hear a great deal about high meat prices but these must be kept in perspective. The average manufacturing wage in Canada was 194.0 for 1972 using 1961 as base 100. The pork component of the retail consumer price index for May, 1973 was 154.4 also using 1961 as base 100. The beef component was 179.2. In both cases meat prices compare favourably with the increase in wages since 1961.

The recent upsurge in farm prices results from a long period of very low returns to farmers for their investment in time and money coupled with adverse worldwide growing conditions and a burgeoning world population.

While it is too early to draw conclusions, if the first-half trends continue, management is optimistic that planned sales and earnings targeted for 1973 should be achieved.

June, 1973
Kitchener, Ontario

Fred A. Schneider
Chairman of the Board